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# AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM Contract No. EDH-I-00-05-00004

QUARTER 3 FY2014 (April 1 – June 30, 2014)



On May 13, 2014, The High Council of the Agricultural Development Fund (ADF), Hosted an Event to celebrate three years of success providing credit to agriculture. The event was chaired by H.E. Mohammad Asif Rahimi, Minister of Agriculture, Irrigation and Livestock.

This publication was produced for review by the United States Agency for International Development. It was prepared by the Agricultural Credit Enhancement Program, implemented by Development Alternatives, Inc.

## PROJECT OVERVIEW

**Mission Accomplished:** ACE established and managed the Agricultural Development Fund; a wholesale lending institution under the Ministry of Agriculture, Irrigation and Livestock, making credit available to farmers and agribusiness entrepreneurs through a variety of intermediaries, in an unprecedented effort to revolutionize Afghan agriculture.

The project is organized under three components: 1) Delivery of Credit Service constitutes the core activity of the ACE project, establishing the Agricultural Development Fund (ADF), a non-bank independent financial institution regulated by Afghan Law and guided by the High Council. The ADF partners with non-financial institutions and agribusinesses, most of which on-lend to farmers. 2) Agricultural Modernization and Value Chain Development aims at providing technical support to lending operations as well as to ADF clients. The unit leads the technical assessment of loan applications and also provides technical assistance to ADF borrowers. 3) The Coordination and Knowledge Management component was designed to integrate production and market information and transform it into market intelligence. To achieve this, ACE designed and established PAYWAND, an agricultural information platform transitioned to MAIL since September 2012.

Contract Number:	EDH-I-00-05-00004
Activity Start/End Date:	July 15, 2010 – January 13, 2015
Name of Prime Implementing Partner:	Development Alternatives, Inc.
Name of Sub-contractors:	ACDI/VOCA, Edinburgh International
Geographic Coverage:	National, with lending activities in 32 provinces. ACE has two offices in Kabul and four regional offices in Herat, Balkh, Nangarhar and Kandahar
Contracts Officer Representative:	Ali Ahmad
Contracting Officer:	Maychin Ho
Chief of Party:	Juan M Estrada-Valle

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# LIST OF ACRONYMS

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AAIDO	Afghanistan Almond Industry Development Organization
ACCI	Afghanistan Chamber of Commerce and Industry
ACE	Agricultural Credit Enhancement
ADF	Agricultural Development Fund
AISA	Afghanistan Investment Support Agency
ANSOR	Afghanistan National Seed Organization
CC	Credit Committee (for the ADF)
CMU	Credit Management Unit
CSR	Corporate Social Responsibility
DAB	Da Afghanistan Bank
DAWO	Development of Afghan Women Organization
EPPA	Export Promotion Agency of Afghanistan
FAIDA	Financial Access for Investing in the Development of Afghanistan
FSCAA	Farm Service Center Association of Afghanistan
FTE	Full Term Employment Equivalent
FI	Financial Intermediary
IIFCG	Islamic Investment Finance and Cooperative Group
GDA	Global Development Alliances
GIRoA	Government of the Islamic Republic of Afghanistan
GIS	Geographic Information System
IDEA-NEW	Incentives Driving Economic Alternatives Project
HiH	Hand in Hand Afghanistan
HLP	Horticulture and Livestock Project
LPF	Loan Performer
KMF	Knowledge Management Facility
MAIL	Ministry of Agriculture, Irrigation and Livestock
MoU	Memorandum of Understanding
NFI	Non-financial Intermediary
PMP	Performance Monitoring Plan
SAB	Sharia Advisory Board
TO	Task Order
TRC	Technical Review Committee

## EXECUTIVE SUMMARY

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The ADF, a functional financial institution established by the ACE Program, is led by the High Council chaired by his Excellency, Minister Rahimi of MAIL. During the reporting quarter, the High Council approved the nomination of Joel Carter as the acting Chief Executive Officer of the ADF. In addition, the board approved a new member, Moeenuddin Siraj as High Council member; approved the ADF Business Plan 2015-2019 as presented to be used to guide the strategy and operations of the ADF; accepted the appointment of four Afghan National ADF directors; and activated the Audit, Credit and Governance and Compensation committees. The ADF High Council agreed that the CEO and his advisor –the ACE Chief of Party--would propose revisions to the donor guidelines incorporating the following:

- Board membership for USAID for a period of five years through December 31, 2019. Thereafter, the seat will be filled by the largest donor, except for the donor who has just vacated the seat, for a period of two years.
- Rotating seat – to be filled by a donor other than the one holding the permanent seat, for a period of two years.

The ADF received the first transfer from the Danish Ministry of Foreign Affairs through their Embassy in Kabul of US\$3.5 million as the first contribution to the fund. This is part of a total contribution of up to US\$32 million. The ADF continues to explore other funding opportunities for the capitalization of the lending fund.

On May 13<sup>th</sup>, the ADF High Council chaired by His Excellency Mohammad Asif Rahimi, Minister of MAIL hosted an event to celebrate the success and achievements of the Fund in the past three years. The celebration included welcoming the Government of the Kingdom of Denmark as a contributor to the ADF, and recognizing a small group of outstanding clients with prizes handed by the High Council members. During the event a large number of the ADF clients displayed their products to the audience.

ACE transferred 39 employees to the ADF. The key personnel consists of technical directors, lending advisors, credit and administration officers, finance staff, value chain specialists, auditors and monitoring and evaluation officers. In addition to this, ACE received approval to hand over 1300 of 2200 items from our inventory to the ADF, and the rest is expected to be transferred by August 30<sup>th</sup>. This indicates that the ADF now a fully operational financial institution regulated by law and policies and procedures, with its own staff and assets and points to it operational readiness to take on the task of providing access to agricultural credit.

In the last quarter, the ADF approved eleven new loans worth of US\$6 million and disbursed US\$7.4 million to existing clients which will benefit approximately 4,000 new direct beneficiaries. Currently intermediaries and agribusinesses engaged in on-lending have reached out to 24,565 farmers who have directly benefited from agricultural credit. The ADF stands at US\$ 91.8 million in approved loans, US\$51.2million in disbursements and US\$26.5 million in repayments. Due to prudent credit lending practices, agricultural technical reviews of loan applications, credit administration procedures in place and the talented Afghan staff the ADF portfolio at risk is at 3.66 percent, widely accepted from the financial sector.

In the last quarter, the loan retention rate increased from 75 percent to 81 percent. This is a function of clients receiving a second loan following the repayment of their initial loan. This indicator is crucial in the

light of measuring the profitability, efficiency and portfolio growth. Economic research shows that client retention has a positive effect on institutional cost which decreases due the reduced need to engage in marketing activities and less need for client orientation. It also increases staff productivity because they work with established clients; while it generally decreases loan risk as clients with established credit history tend to have a good repayment record.

ACE distributed fertilizers on credit to the member farmers of Bamyan Cooperatives. This year, ACE supported the potato growers in Bamyan through three separate loans of a total of US\$2.2 million to 39 cooperatives in four districts. The cooperatives disbursed US\$ 1.9million to 1,742 farmers, of which 1,082 are first time ADF loan receivers. Potato growers in Bamyan have over 30 years of experience in potato cultivation while managing to keep a very successful repayment record with the ADF. In the last year, ACE disbursed one loan of 101.6 Million Afghani to 44 potato cooperatives benefiting over 1,200 farmers in four districts of Bamyan.

ACE has currently 14 active ACE Agricultural Modernization grants currently, whereas 25 others are pending vetting approval. These grants aim to assist ADF clients to develop their marketing strategies, improve health and sanitation practices, upgrade processing lines and provide other technical assistance. The value of the ACE grants pending approval due to vetting delays is approximately US\$2.3 million. In this context, to continue supporting the ADF clients, the team is taking measures to support at least ten ADF clients with small technical assistance grants during the month of August.

ACE provided Value Chain Finance Training to 22 ACE staff members in May. The training focused on developing an understanding of the financial products, strategic alliances and lending methodologies that are used to support financing for critical value chain investments. The training introduced several analytical frameworks on market systems, agricultural risk, and value chain finance loan design. This initiative is part of the ACE's efforts to enhance the technical capacities of the ADF staff and prepare them for leadership positions with the Fund.

## COMPONENT I: Delivery of Credit Services

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*The delivery of credit services constitutes the core activity of the ACE project. For this purpose, and in the absence of financial institutions interested to engage in agricultural lending, the project primarily partners with non-financial institutions and agribusinesses that on-lend to farmers.*

**ADF Loans:** Currently the ADF stands at US\$91.8 million in approved loans, US\$51.2 million in disbursements and US\$26.5 million in repayments. The ADF portfolio at risk is at 3.66 percent, a desirable rate for the financial sector in the West. Intermediaries and agribusinesses engaged in on-lending activities have reached out to 24,565 farmers who have directly benefited from agricultural credit. In the last quarter, the client retention rate increased from 75 to 81 percent, indicating the high rate of client return for second or third loans. Sharia products consist of 51 percent of the approved and 57 percent of disbursed loans.

**New loans approved by the ADF CC:** In the past quarter ACE presented 11 new loans, worth a total of US\$6 million, to the ADF Credit Committee all of which were approved. These loans will benefit approximately 4,000 end borrowers. The loans recently approved include the following:

- Uddin Wardak Wool Washing and Carpet Company is an existing ADF client that had received a loan of US\$300,000. The client will benefit a second ADF loan of US\$499,212 to purchase 570 metric tons of raw wool.
- Haji Sayed Karim and Brothers Company purchases, processes and exports walnut, almonds, pistachios, cumin and pine. The company will receive a loan of US\$105,097 to procure a packaging machine and purchase an additional amount of dried fruit for export to India and UAE.
- Sudais Saud Company is an existing ADF client that had received an ADF loan of US\$800,000. The company purchases greasy cashmere and dried fruit which they clean, process and export to several countries in Asia and Europe. The client will benefit from a second ADF loan of US\$1.5 million for operating capital.
- Brotherni Mohsini Seed Production and Agricultural Services Company will receive an ADF loan of US\$500,000 to purchase threshers from India and rent them out to farmers.
- Momen Khan Agricultural Input Company, an existing ADF client benefited from a second loan of US\$300,000 to purchase and provide fertilizers on credit to 260 farmers in Balkh province.
- Sheraz Ayaz Textile Company produces garments such as shawls and scarves and has received subsidized washing, dyeing and pressing services from a textile processing facility. The client plans to expand their market to other provinces of Afghanistan and will receive an ADF loan of US\$100,000 to purchase raw materials from local suppliers.
- Herat Ice Cream Company is a repeat ADF client that used its first ADF loan of US\$1,300,000 to purchase ice cream processing equipment and fresh milk from livestock owners in Herat province. The client will receive a second ADF loan of US\$1 million to purchase fresh milk from 1,200 farmers in several districts of Herat.
- Armin Food Production Company will receive a loan of US\$100,000 to purchase 218 metric tons of flour from local flour mills in Mazar-e-Sharif and increase their production of noodles and macaroni.
- Bamyan Potato Cooperatives constitute another important ADF client benefiting from the ADF loans for the fourth time this year, given their successful repayment history. This year, 55 Bamyan Cooperatives received three loans for three different regions worth a total of US\$2,234,383 that benefited approximately 1,700 farmers.

*Table 1: ADF loans approved during the past quarter*

No	Company/Entity	\$Loan Amount
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## Clients Sensitive Information

Graph 1: ADF Loans approved and disbursed by Quarter

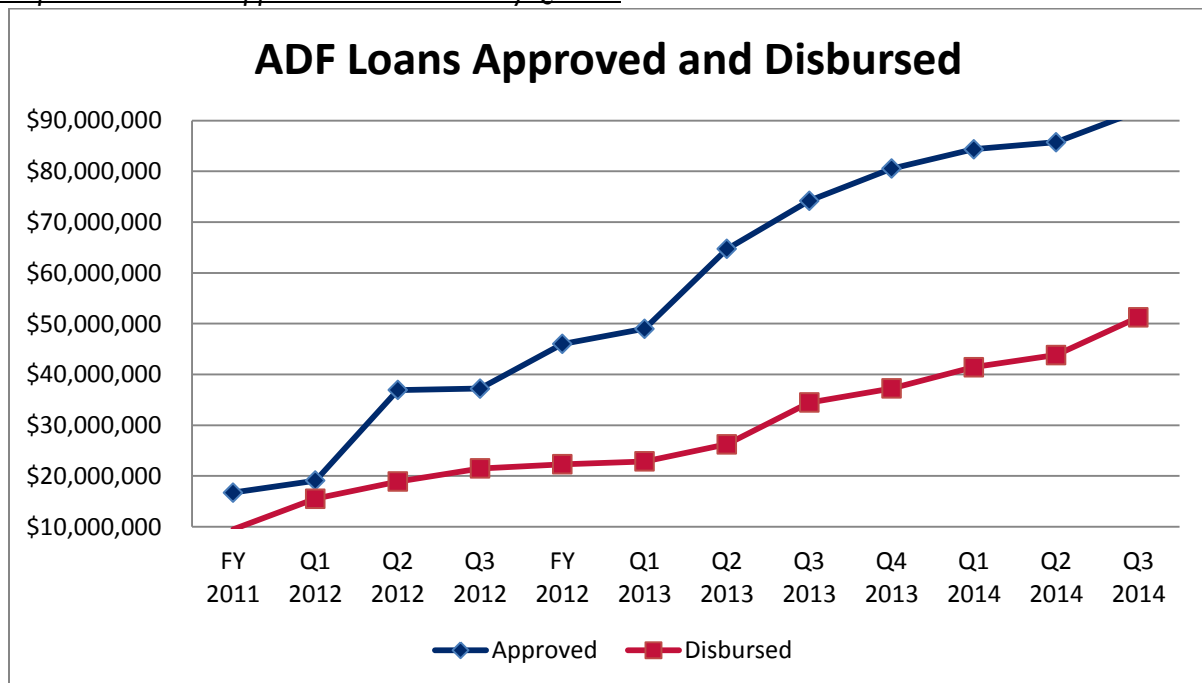


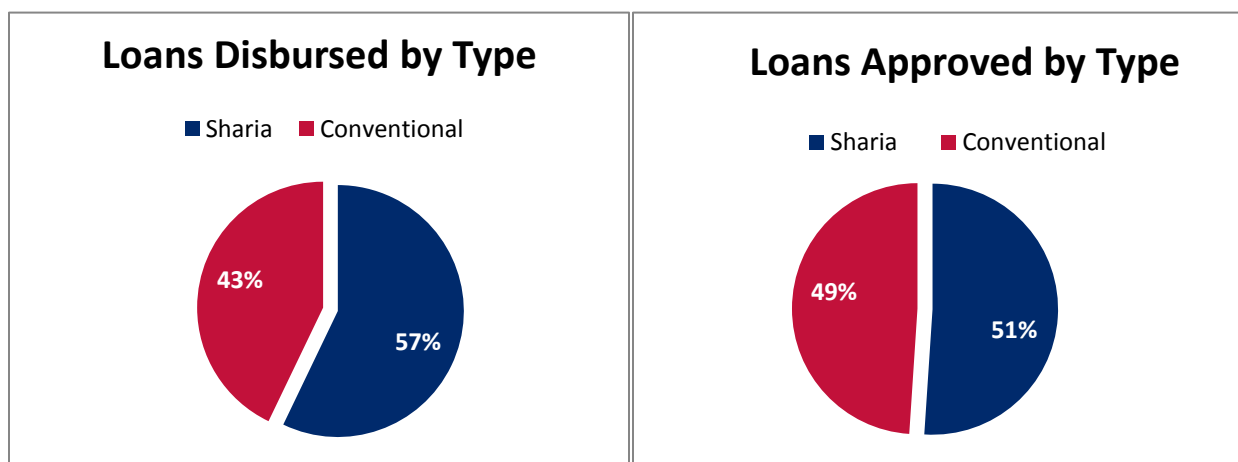
Table 2: ADF loans disbursed during the reporting quarter



No	Company/Entity	\$ Disbursed
<p style="text-align: center;"><b>Clients Sensitive Information</b></p>		

**Islamic Finance:** Three and a half years after the launch of the ADF, 57 percent of the loans disbursed consist of Islamic financial products. This underscores the successful of ACE/ADF in the provision of access to finance in a culturally acceptable fashion, compliant with Sharia principles.

*Graph 2 and 3. Loan approved by loan type (Sharia and Conventional)*



*Table 3: ADF Portfolio by Type of Product*

Type of Loan	Loans Approved	Loans Disbursed
Conventional	\$ 44,960,425	\$ 21,981,424
Sharia	\$ 46,883,915	\$ 29,293,823
<b>TOTAL</b>	<b>\$ 91,844,340</b>	<b>\$ 51,275,247</b>

**Training:** ACE provided training on Value Chain Finance for its technical staff. The curriculum focused on designing financial products for the agricultural sector, analytical frameworks on market systems, value chain finance and agriculture risk. The team of 22 staff was equipped with tailor-made quantitative tools to generate financial information for different agricultural subsectors. ACE also provided Islamic Finance training to OXUS Afghanistan for the implementation of Zahra product. Eleven members of the staff of OXUS Afghanistan from different branches participated in the training which will enable the staff to properly use the ZAHRA credit tools to better serve their female clients.

**Gender:** The Zahra Program, a Sharia compliant financial product catering to the needs of women entrepreneurs implemented through Oxus Afghanistan, has provided 206 loans to women, verified by the M&E team. Zahra is being offered at two levels; directly by the ADF in the case of loans over US\$100,000 and to individual farmers and agricultural SMEs by OXUS Afghanistan.

**Grants:** Due to vetting delays there were no new grant approvals in Quarter 3 FY14. The team disbursed six grants worth of US\$204,792. ACE also processed several new grants that are waiting for approvals from USAID.

*Table 4: ADF/ACE Grants Disbursed in Q3 FY'14*

NO.	Business Name	Grant Type	\$Total Approved	Quarterly \$Disbursed	\$Disbursed
Clients Sensitive Information					

**Audit and Compliance:** During the reporting quarter ACE audited 15 ADF clients, coordinated an external audit exercise from the Afghanistan Supreme Audit Office for the initial ADF transfer from USAID to the Ministry of Finance, and carried out periodic internal audit activities of the ADF.

*Table 5: Audit Reports Undertaken During Quarter 3 FY, 14*

Audit Assessments conducted during Q3 of FY,14		
No	Client	Status of the Loan
1	Takana Sefla Company	Disbursed
2	Khushbakht Company	Disbursed
3	Azimyan Macarony, Biscuit and Salty Snack Production Company	Disbursed
4	Morvarid Food Industries	Disbursed

5	BAMYAN Potato Cooperatives 2013 Loan	Disbursed
7	Ghulami Brothers Ltd	Disbursed
8	Sadeq Hamid Badghisi Company	Disbursed
9	Kamel Dairy	Disbursed
10	Aziz Farid Processing Company	Disbursed
11	Mehran Guzargah Cold Storage Service Company	Disbursed
12	Bedak Sharif Brothers Carpet Yarn Production Company	Disbursed
13	Shir Poor Sultani Flour Mill	Disbursed
14	Omid Khurshid Noor Ltd	Disbursed
15	Verification of Disbursement Records (Bamyan Loan)	Disbursed

## COMPONENT 2: Agricultural Modernization and Value Chain Development

*The purpose of ACE's Value-Chain strengthening unit is to provide technical support to the lending operations as well as to ADF clients. The unit leads the technical assessment of production; processing and marketing activities proposed by loan applicants and also provides technical assistance to ADF borrowers.*

In the fourth year of the project implementation ADF credit services strongly focus on supporting commercial agricultural and agro-processing operations and input supply networks along with other major actors across the main agricultural value chains. In the past quarter ACE's Value Chain Strengthening Unit continued to play an important role in providing 1) technical reviews of loan applications; 2) technical assistance to the new and existing clients through Agricultural Modernization Grants; 3) organizing meetings and workshops that bring the members of the value chain together to promote increased market opportunities and removal of value chain constraints; and 4) conducting environmental compliance reviews for the ADF loans.

### I. Technical reviews for the ADF borrowers

Over the reporting month, ACE value chain strengthening team made every effort to work closely with the borrowers to ensure that the project provides the required technical assistance. In light of this, over the past month, ACE assisted the following companies:

The Zyarat Jah Company purchases dried fruit and nuts such as raisin, dried apricot, dried fig, almond kernel, walnut kernel, pine seed and pistachio kernel from farmers and export them to India and Dubai. The project advised the client to separate the dried fruit processing center from cashmere production center due to the fact that poor food safety and sanitation practices will affect the quality of the final products. The company was advised to consider and apply the hygiene and sanitation in processing center and improve its packaging and labeling mechanism.

The Sasol Khan Cooperative is located in Arghandab district of Kandahar province and has 30 members. The cooperative collects fresh fruit such as grapes and pomegranates from their members and then export it to Pakistan. The client has requested for an ADF loan of US\$350,000 to purchase fresh fruit from other local farmers from different districts of Kandahar province. The project advised the cooperative to provide the required information for further assessment of their loan application.

The Haqdoost Company purchases fresh grapes from fruit growers in Herat province. The project assessed their business operation, current activities and future business expansion plan of the company. The client currently lacks proper processing equipment, does not comply with the hygiene and sanitation standard, and has no proper branding for their finished product. To address these constraints the team suggested several improvements.

The Sadaf Shahr Washing Material Production Company produces laundry soap in several sizes and sells them in local markets in Kabul, Ghazni and Balkh provinces. They prospect client purchases the raw material such as animal fat, silicate sodium, caustic soda, color, cartons and perfumes from Kabul and Ghazni provinces. The team visited the client to verify the complete line of the production machinery.

The Cashmere Processing Company applied for an ADF loan of US\$2,000,000 to purchase 120 Metric Tons of raw cashmere from local farmers and middlemen in Herat Province. Since the cashmere business is subject to risk from price fluctuation and demand from the international market, the project provided several technical recommendations to be considered by the ADF Technical Review Committee during the loan approval process. Some of the recommendations included providing the purchase orders for 100 Metric Tons of cashmere for upcoming seasons to make sure that there are potential customers for the products which will be purchased under the ADF loan investment; providing the support documents to show and prove the company's cashmere export during the last year, and improving the storage facility for raw and final products to avoid contamination.

The Rahman Moshkwani Company purchases pistachio from local farmers and middlemen in Herat Province. The company processes, sorts, and packages pistachio and sells them in the domestic markets throughout Afghanistan. During the last harvest, the company purchased and supplied 18,000 kg of pistachio kernel for the domestic market. The company is interested in applying for an ADF loan to purchase pistachio from local collectors and middlemen in Herat Province.

The Khadipur Seena Cake Production Company in Kabul requested an ADF loan to purchase machinery such as an oven, molding plate, and packaging machine to increase their production. The company produces cake and cookies and sells them in Kabul, Nangarhar and Takhar Provinces. The team recommended that the client purchase their required flour from local flour mills and standardize the production system.

The Ansar Slaughter House requested a loan of US\$800,000 to increase the slaughter of more cattle and purchase machinery to process the animal waste into fertilizer. The slaughterhouse has the capacity to slaughter 3,000 animals inside a 40,000 meter square area which is not located close to a residential area. There are 16 employees that work in the slaughterhouse. There is one doctor who is the employee of the Herat DAIL office and works in the slaughterhouse to check the health of sheep and cows before slaughtering and check the quality of meat after processing.

The Bakhtar Flour Mills applied for the third ADF loan of 114,000,000 AFN to purchase local wheat at an average price of AFN 19,380/MT. This will cover the cost of 5,882 MT and will enable the company to purchase at bulk after the harvest at a reasonable price. The technical unit recommended the

following: the client should consider providing advance payments to farmers through agents and suppliers to ensure a better quality of wheat; the company considers providing certified wheat seed and fertilizers to the wholesalers and the cooperatives. In this case the wholesalers distribute the inputs to farmers on credit. Also, the client can look into negotiating with ANSOR or with the Farm Service stores the procurement of certified wheat seed and for the procurement of the fertilizer; the ADF is lending to both sectors and can facilitate this negotiation.

The Mehran Gozergah Cold Storage is interested in a second loan of US\$ 400,000 to purchase fruit and vegetables such as apple, carrots and potato from the local farmers. The client is planning to store the supplies for about four to six months to later supply them to the regional market during the off-season at a premium price. The regional team is working on the technical assessment to verify the utilization of their first loan whereas the report will be finalized in July.

The Azim Salim Shah Cattle Farm is requesting US\$100,000 for two years to purchase 23 milking cows. The farm was established five years ago and is involved in milk production and processing to yogurt. Currently the company owns 30 dairy cows which produce on average about 24 liters per day. The team is looking into the feasibility of the proposal which will be completed in the next month.

The Uddin Wardak Wool and Carpet washing Company was advised to purchase the waste water filtration system to improve the waste water management system and separate the fat. The company should also provide a proper and separate storage for raw wools and follow the standard personal safety and hygiene to reduce the environmental risks.

The Haji Sayed Karim and Brother Ltd was advised to relocate the current processing center to a newly constructed building. This will help the company to setup a standardized processing center and warehouses for the raw and final materials separately. The company will make use of personal safety and food sanitation practices to reduce the environmental risk and meet the standard demand from destination markets.

The Bamyan Potato Production Cooperatives will receive another loan to provide agricultural inputs to farmers on credit and the technical team recommends providing microcredit loans to farmers who have access to irrigation to ensure higher yields. Secondly, the funded farmers should cultivate a minimum of two Jerib of land under the credit and use high quality of seed.

The Momen Khan Agricultural Input Company is advised to submit a sample of the fertilizer they plan to import from Pakistan and submit it to MAIL's Quality Control Department for their further analysis and approval. The client should improve the storage and warehousing facilities to provide proper storage for each type of the fertilizer separately.

The Sheraz Ayaz Textile Company was advised to outsource their required raw materials such as cotton yarn from local cotton yarn spinning companies. ACE will link the company with other ADF clients such as Rabia Maryam Handicraft Company in Balkh and Uddin Wardak Wool Washing and Processing Company in Kabul. The company should lease a proper building where they can store the raw materials and finished products separately.

## **2. Technical Assistance to the ADF clients through ACE grants**

Through the ACE Agricultural Modernization Grants, the program assists its clients to address challenges with the efficiency of their processing lines, lack of marketing plans, and constrains by the

market competitiveness. Below is a list of the ACE grants processed and implemented in the reporting month.

The project visited Rabia Maryam Handicraft Company to verify the installation of the silk machinery and training conducted by the Indian technicians to the company's permanent employees. The client received an ACE Agricultural Modernization grant of US\$70,500 to purchase a complete line of silk spinning and weaving machinery and conduct training for the staff of the client by the Indian company. During the past quarter, the power wiring for industrial processing and fan installation for adequate ventilation were completed. In the aftermath of this, the Indian technicians will visit the client to complete the machinery installation and synchronization which will allow the handicraft company to start their silk manufacturing through this machinery.

ACE will purchase an automatic pistachio packaging machine for the Sudais Saud Trading Company to improve their current processing center and purchase packaging machinery under their ACE Agricultural Modernization grants of US\$66,480. The procurement team of the project along with the client selected a Chinese vendor for this international procurement.

The Nawi Henna Production and Packaging Company will receive technical assistance and marketing support under ACE Agricultural Modernization grant of US\$30,800. The grant will cover the purchase of automatic packaging machine, printing of packaging materials and recruitment of an accountant for the client for one year.

Dehqan Roz Food Production and Dairy Company requested an ACE Agricultural Modernization grant of US\$38,168 to receive technical assistance and marketing support to equip their dairy plant with quality control laboratory equipment for performing basic tests on milk and yogurt; improve the hygiene of the processing area; train the company's staff on food safety measures; and hire a technical person to oversee a production unit and operate the quality control lab; and hire a marketing specialist to prepare a marketing strategy for the company to promote sales.

The team developed an ACE Agricultural Modernization grant for Nangarhar Edible Oil Processing Cooperative to assist the client access a new line of oil production machinery. The total amount of the grant is US\$106,000 with a contribution of US\$28,000.00 from the cooperative. The grant package will mainly include purchasing of a cotton ginning machine, an automatic cotton press machine, and an oil expeller machine.

ACE designed an agriculture modernization grant for Azimyan Macaroni, Biscuit & Salty Pops Production Company in Herat. The grant, which amounts for US\$ 26,950 including a contribution of US\$ 13,600 from the client, will assist the Company to receive some technical assistance and purchase a wheat flour filler machine including installation. In addition, the grant will further help the client to procure a wooden pallet used for finished products, a ventilation system for improvement of their processing center, and a 20ft container for storage of raw material.

### **3. ACE Value Chain Workshops and Coordination**

To foster the access to credit while addressing the value chain constraints, the project conducted an Agricultural Export Value Chain workshop in Nangarhar province. The value chain workshop brought together all players involved in the export of agricultural products to discuss and propose measures to improve the export process and increase the export of agricultural commodities. The workshop focused on agricultural export procedures, identified the main challenges of the agricultural exports and generated solutions to present to government authorities.

During the workshop the participants listed the current challenges and obstacles in the system, their risks to value chain growth as well as proposed direct solutions to remove the constraints. Some of the major challenges listed consist of illegal fees (bribes); lengthy documentation process and lack of the proper coordination among the farmers, exporters and transportation companies. The ACE team also provided information about the ADF loan policies, lending opportunities and procedures to participants to encourage new potential clients. Over 45 participants representing provincial DAIL offices, ADF clients, farmers and private companies attended the workshop.

ACE participated in a Food Safety Certification Workshop organized by ROP/CHAMP Project in Kabul. The goal of the workshop was to introduce Control Union organization, an organization that operates in 61 countries of the world and started their activities on March 2014 in Afghanistan. The organization provides training to qualify the businesses to receive the certificate of HACCP “Hazard Analysis and Critical Control Points” and ISO 22000. Under ACE’s Agricultural Modernization standard grant for Afghan Women Saffron Association, ACE will work with the client to receive ISO 22000 certificates. Given this, the project will coordinate with the client to organize a meeting with the Control Union Organization.

In June, the project participated in a five-day Value Chain Program Design workshop conducted by Action for Enterprises (AFE) and organized by USAID funded RADP-S project in Kabul. The workshop focused on key steps on the value chain program design such as value chain selection, value chain analysis, identification and assessment of market-based, identification of facilitation activities, and structuring collaboration and monitoring performance. The workshop’s goal was to enhance knowledge of the participants and to design and support the sustainable projects through value chain program design.

ACE initiated the development of the potato demonstration plots in Bamyan Province. The purpose of the program is to introduce technological changes to the current production system of the Bamyan Cooperative farmers which will increase their crop yield. The demonstration will be implemented in farmers’ field, in four different villages in Bamyan Center district covering 10 Jeribs of land. The potato demonstration plot will help the Bamyan Cooperatives’ farmers learn the use of proper planting materials, use of DAP at planting as part of the base fertilization, application of Urea, better water management and a careful harvest to reduce bruising.

The project prepared and presented a labor package to the DAIL Director as ADF’s contribution to the farmers for the establishment of the potato demonstration plots in Bamyan Province. Under the labor package proposed and endorsed by DAIL, ADF will pay the labor involved in the implementation of the proposed agronomic practices. During the demonstration, 10 Jeribs of land in several villages of the province planted the new variety of the potato. The assigned team will compare the treatments such as base fertilization along with the split application of nitrogen during the growing season. Farmers don’t apply fertilizer at planting time while they apply animal manure and a mixture of DAP and urea is applied only once.

#### **4. Environmental Compliance Reviews**

ACE conducted several environmental compliance reviews and finalized their reports. The team recommended some mitigation measures to be considered during the production activities of the client. The clients include the following:

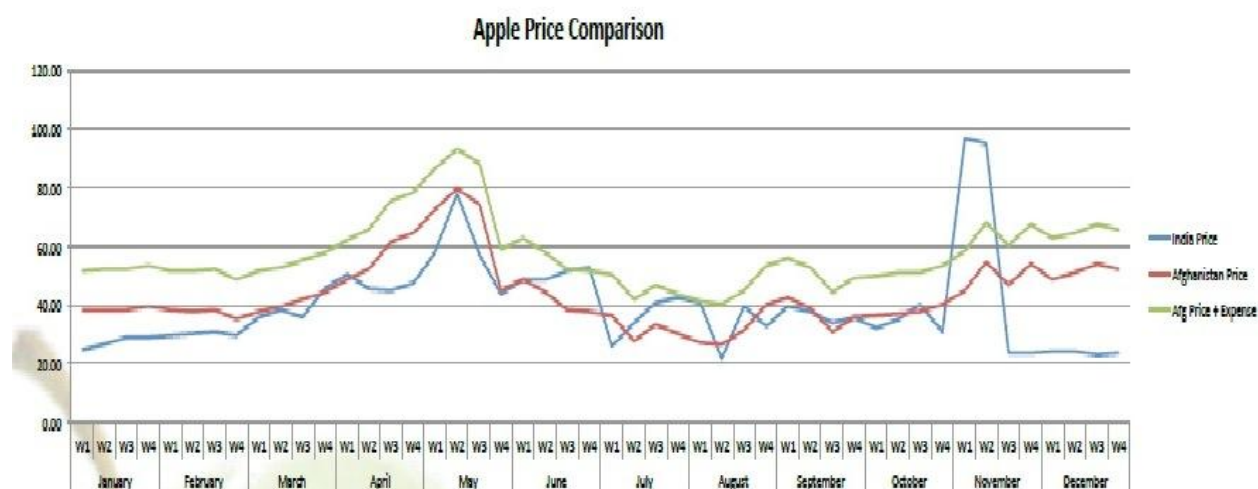
- 1) The Nawi Henna Processing Company is advised to include purchasing a high quality and safe machine as well as to provide guidance to the workers on how to operate the machine safely. The client should provide proper masks, boots and gloves to their staff and design an environmentally sound solid waste management plan.
- 2) The Bamyar Cooperatives are advised to purchase high quality and virus free potatoes, providing proper storage for the potato seed and fertilizer, planning safe transportation of potatoes seed and fertilizer by applying all necessary measures of safe transportation, providing training on personal safety and best agriculture practices to reduce the environmental risk; and an environmentally sound solid waste management plan.
- 3) The Stana Gul Poultry Farm was advised to procure high quality, safe solar panel; to provide guidance of proper usage of personal protective equipment such as boots, face masks, hair nets and gloves and provide environmentally sound waste management as the only on-farm disposal option for solid poultry waste is to compost it on the farm.
- 4) The Sodais Saud Trading Company was advised to purchase a high quality and safe machine; to implement a daily plan on hygiene and sanitation; improve their pistachio processing center and purchase uniforms for the workers including mask, gloves, and hairnets.
- 5) The Salehi Daikundiwal Brothers Agricultural Service Company was advised to provide facemasks, gloves and uniforms to their workers as recommended in the ERR; prepare a storage area; cover the animal manure with soil; place the sign boards everywhere within and outside the greenhouses; and place the waste bin only in the packaging center to dispose the disposable gloves after use. The team visited the client and verified that all the mentioned mitigation measures were considered.
- 6) The Morvarid Food Industries Company was advised to procure a high quality and safe packing machine and choose a proper place to install the machine. The technician must install the machine according to the instructions provided by the manufacturer. The team recommended the client provide environmentally sound solid waste management during the processing and packaging activities of dried fruits and nuts.
- 7) The Sahel Aminzada Cattle and Agricultural Company was advised to purchase disease free hens, feed packs, good quality hatchery machines, avoid purchasing and using hazardous materials such as lead based paints, asbestos containing materials, and chlorinated solvents and paints. The team recommended the client to provide worker health and safety trainings and appropriate debris and waste management trainings.
- 8) The team advised Sudais Saud's Company to ensure such activities funded by project cause no harm or are not risky to the environment. The team advised the client to purchase high-quality, disease-and pest- free pistachio and plan for the safe transport of pistachio and provide environmentally sound Solid waste management plan with application of source separation for the solid waste generated during the processing and packaging activities of pistachio.



## COMPONENT 3: Coordination and Knowledge Management

*The Knowledge Management Component aims at integrating production and market information currently being generated by an array of organizations, and transforming it into market intelligence applicable to diverse audiences within the agriculture sector, while building the capacity of MAIL staff to manage the system.*

ACE designed a market brief on the apple export parity price which is published through the MAIL and PAYWAND website. The purpose of this study is to briefly illustrate the market price for Apple in Afghanistan local markets as well as Pakistan local markets, and on a further step comparing both prices given the expense that will be incurred during the export of the product.



### Collaboration with GIROA, other donor projects, or other USAID projects:

**Links with relevant GIROA ministries:** As an on-budget effort, ACE from the inception was designed to work closely with the Ministry of Agriculture, Irrigation and Livestock and establish the ADF through a USAID grant of US\$100 million to GIROA separate from the ACE activity. Since then, while establishing and managing the ADF, ACE has worked very closely with MAIL under the leadership of his Excellency Mohammad Asif Rahimi. Minister Rahimi and Deputy Minister of MAIL, Haidari are members of the ADF High Council and of the ADF Credit Committee. In this sense, the ADF is an example of true collaboration and partnership between MAIL and USAID.

As partners on May 13th, 2014, ACE and the ADF in close collaboration of the High Council hosted an event at the Serena Hotel to celebrate the third year anniversary of the ADF. The event provided an opportunity to introduce the Kingdom of Denmark as a new donor, meet with and acknowledge some of the clients with outstanding repayment history, and present the ADF successes achieved in the past three years. The event constituted a milestone for the ADF, highlighting the effective partnership between USAID and the Islamic Republic of Afghanistan. During the event, H.E Minister Rahimi thanked USAID for the U.S. Government's continued support and recognized the Government of the Kingdom of Denmark which recently began contributing towards the capitalization of the ADF.

**Links with other donor agencies:** Since July 2013 when ACE in collaboration with MAIL hosted the Conference on the Capitalization of the ADF, the team has been actively looking for opportunities to engage other interested donors to ensure the sustainability of the fund. By January 2014, the ADF received the commitment of the Kingdom of the Denmark through their embassy in Kabul for an amount up to US\$32 million in the next two years. The first installment of US\$3.5 million reached the ADF account in mid-April. The team is actively looking to invite other donors aboard for the capitalization of the ADF.

**List and discuss links with other USAID projects:** ACE collaborates with other USAID-funded programs in the agricultural and finance sector such as: Idea-NEW, FAIDA, RADP-North, RADP-South and CHAMP. Here is an overview of the past activities:

ACE participated in a Food Safety Certification Workshop organized by ROP/CHAMP Project in Kabul. The goal of the workshop was to introduce Control Union organization which operates in 61 countries and recently entered the Afghan market. The organization provides training to qualified businesses on HACCP “Hazard Analysis and Critical Control Points” Certificate and ISO 22000. ACE is looking into the possibility of engaging Control Union to train and assist the Afghan Women Saffron Association, an ADF client to receive their ISO 22000 certificate.

The team participated in a five-day Value Chain Program Design workshop conducted by Action for Enterprises (AFE) and organized by USAID funded RADP-S project in Kabul. The workshop focused on key steps on the value chain program design such as value chain selection, value chain analysis, identification and assessment of market-based, identification of facilitation activities, and structuring collaboration and monitoring performance. The workshop’s goal was to enhance knowledge of the participants and to design and support the sustainable projects through value chain program design.

## Performance Management - ACE Progress against Targets

ACE's approach to performance management is stipulated in project's PMP, which is periodically revisited and updated. Measuring progress towards the provision of agricultural credit through the ADF and strengthening of Afghan financial and private sector intermediaries to provide sustainable agricultural lending initiatives are at the heart of the ACE PMP. The program's M&E unit carries out the monitoring system outlined in the PMP through a two-pronged approach to tracking results. First, output information and data on lending is primarily collected through project technical staff. The M&E team backs up the new loans to financial and private intermediaries with developing documents and forms for the proof of loans to farmers. The staff travels to provinces to conduct baseline and impact studies for the agribusinesses supported by the project as well as to verify performance data. Second, M&E staff members regularly review the data generated by the technical staff as well as the data collected from the clients. In case activities that further need attention are identified, special inspections and studies are conducted. The M&E Managers are responsible for analyzing aggregate data across the program reflecting results and identifying bottlenecks.

During the past quarter ACE has achieved or exceeded nine of its 15 PMP indicators while meeting the objectives laid out in the Annual Work plan 4. The team has successfully managed to establish a highly effective Agricultural Development Fund which has already lent over US\$51.2 million, maintaining a default rate of 3.66 percent.

During the past quarter, ACE monitored the disbursement of Islamic Investment and Finance Cooperative Group (IIFC) which disbursed loans in cash to over 70 farmers in the northern region providing credits for the spring season. The M&E team monitored the process to ensure that correct disbursement takes place. Apart from this, the project achieved the followings:

- Provided fertilizer on credit to 1,700 farmers through Bamyan Cooperatives. The project assigned team followed up on the loan agreements (loan slips) designed by the project which were completed by the cooperatives as a form of evidence of the transaction between the cooperatives and their farmers. ACE is making efforts to verify the disbursement in the field and ensure that the distribution of the loan is in compliance with the ADF loan agreement.
- Monitored the disbursement of funds to the Bakhtar Secondary Cooperative, Afghan Women Saffron Association, and Sediq Hamid Badghisi Company to ensure that correct disbursement takes place.
- Conducted the baseline survey for the farmers of Momen Khan Agricultural Input Company and Bakhtar Secondary Cooperative to collect the information on their sales, income, and employment.

*Table 6: ADF Loans to farmers. Quarter 3 FY'14*

No	Company	Direct beneficiaries
1	Azimyan Marconi Biscuit and Salty Snack Production Company	89
2	Farah Gostar Ltd	9
3	OXUS Afghanistan	160

4	Bamyan Central District Cooperatives	382
5	Bamyan Panjab and Waras District Cooperatives	352
6	Bamyan Yakawlang District Cooperatives	348
7	Sediq Hamid Badghisi Ltd	100
8	IIFC 2014	57
<b>TOTAL</b>		<b>1,497</b>

#### Indicator/Activity Performance for Q3 FY 2014:

This section presents ACE's achievements against targets from April 1<sup>st</sup> to June 30<sup>th</sup> 2014

**Indicator #1.1** - As of June 30<sup>th</sup> ACE achieved a net total of US\$91,844,340 in approved loans, achieving the quarterly target by 108 percent and continuing to close the gap between actual and target loans of the past quarter. During the last quarter only, ACE approved an additional US\$6 million in loans.

*Table 7: Net amount of ADF loans approved and disbursed per Quarter*

Quarter	Approved (Cum)	Disbursed (Cum)
FY 2011	\$16,746,562	\$9,515,771
Q1 2012	\$19,104,562	\$15,530,721
Q2 2012	\$36,943,562	\$18,917,799
Q3 2012	\$37,212,970	\$21,505,726
FY 2012	\$46,010,957	\$22,319,454
Q1 2013	\$49,010,957	\$22,878,054
Q2 2013	\$64,723,195	\$26,234,451
Q3 2013	\$74,214,455	\$34,464,253
FY 2013	\$80,542,655	\$37,256,268
Q1 2014	\$84,359,060	\$41,447,278
Q2 2014	\$85,746,151	\$43,842,085
<b>Q3 2014</b>	<b>\$91,844,340</b>	<b>\$51,275,247</b>

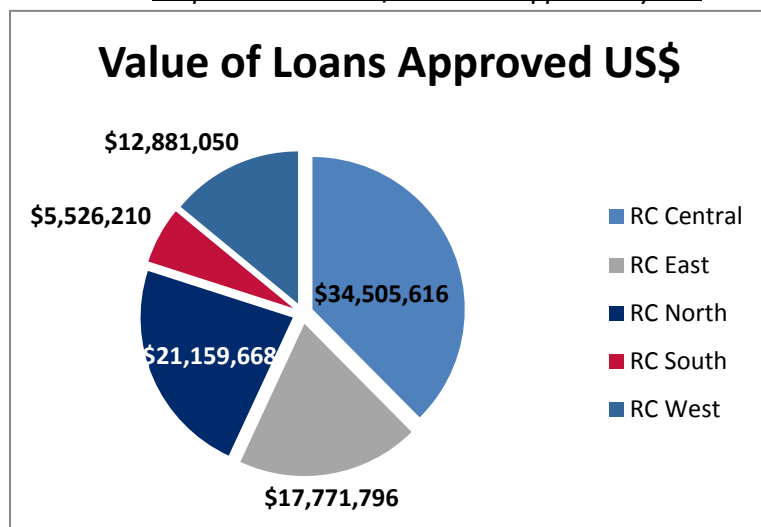
During the same time period, ACE successfully disbursed a net total of US\$7.4 million to the ADF clients. As of the end of the quarter, ACE has managed to disburse a total of US\$51.2 million, reaching 68 percent of the disbursement target. This results from three main factors; 1) the majority of the clients do not require the ADF loans in one single tranche but rather in multiple disbursements in alignment with their loan purpose; 2) during the past year the team has faced issues regarding clients' collaterals which cause delays with the disbursement. The team is working towards expediting the process in close consultations with the clients. 3) In the cases when ACE/ADF pays a supplier directly as part of loan agreements, there have been issues validating the invoices. In several cases the suppliers have increased their prices from the time of the initial agreement and the team is working to identify new suppliers and expedite the process. Graph 4 below shows the distribution of ADF loans approved

by regional command, whereas Graph 5 indicates the loans disbursed according to the regional command.

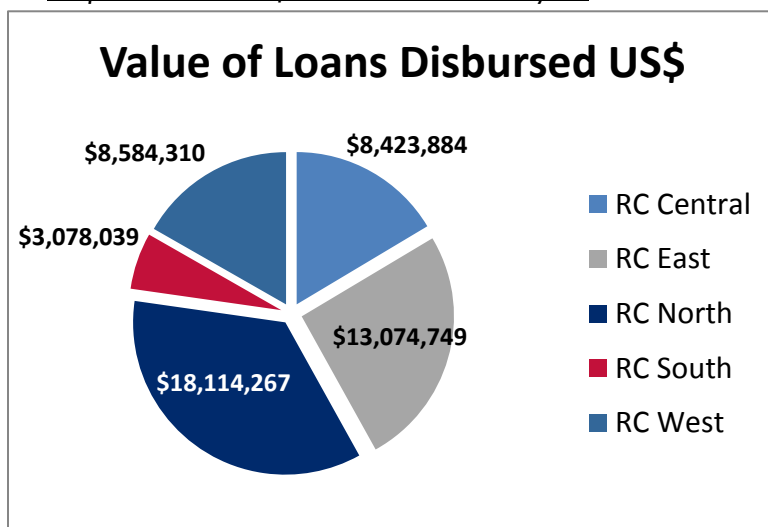
*Table No 8: ADF RC-level loan approval and disbursement*

Region	Loan Approved (\$)	Loan Disbursed (\$)	Beneficiaries
RC Central	\$34,505,616	\$8,423,884	446
RC East	\$17,771,796	\$13,074,749	8,653
RC North	\$21,159,668	\$18,114,267	10,392
RC South	\$5,526,210	\$3,078,039	2,029
RC West	\$12,881,050	\$8,584,310	3,045
<b>Total</b>	<b>\$91,844,340</b>	<b>\$51,275,247</b>	<b>24,565</b>

*Graph No 4: Value of ADF loans approved by RC*



*Graph No 5: Value of ADF loans disbursed by RC*



**Table 9 : Performance Data Q3 FY 2014**

Indicator Name and Number	Baseline (date collected)	FY 2011	FY 2012	FY 2013	Q1 FY 2014 (total for this quarter only)*	Q2 FY 2014 (total for this quarter only)*	Q3 FY 2014 (total for this quarter only)*	TOTAL Cumulative Q3 FY2014	Target for Q3FY2014	%	Target for FY 2014
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Target		
I.1 Value of finance accessed through lending	0	\$16,746,562	\$46,010,957	\$80,542,655	\$84,359,060	\$85,746,151	\$91,844,340	\$91,844,340	\$85,000,000	108%	\$85,000,000
Male	0	-	\$45,325,957	\$78,731,638	\$82,548,043	\$83,935,134	\$90,033,323	\$90,033,323			
Female	0	-	\$685,000	\$1,811,017	\$1,811,017	\$1,811,017	\$1,811,017	\$1,811,017			
I.1 - a Values of Loans Disbursed	0	\$9,515,771	\$22,319,454	\$37,256,268	\$41,447,278	\$43,842,085	\$51,275,247	\$51,275,247	\$75,000,000	68%	85,000,000
Male	0	-	\$22,021,458	\$35,976,515	\$40,167,525	\$42,562,332	\$49,995,494	\$49,995,494			
Female	0	-	\$297,996	\$1,279,753	\$1,279,753	\$1,279,753	\$1,279,753	\$1,279,753			
I.2 Number of individuals benefiting from financial agreement	0	8,720	15,233	21,574	843	696	1,497	24,612	55,000	45%	60,000
Male	0	8,717	15,089	21,080	843	571	1,339	23,833	53,625	44%	
Female	0	3	144	494	0	125	160	779	1,265	62%	
I.2 –a Number of individuals benefitting from ACE or ADF financial agreements/ Indirect	0	94,162	101,711	124,231	8,870	3,316	2,136	138,553	110,000	126%	120,000
I.3 Percent annual increase in household income by assisted direct beneficiaries	Oct,11, Avg \$580 per Household	-	56%	32%	N/A	N/A	N/A	-	-	-	10%
I.4 Net total increase in Full-Time Equivalent (FTE) jobs created by USG sponsored agriculture activities	0	171	856	1,987	512	235	179	2,913	1,750	156%	2,000
Male	0	171	749	1,667	271	224	119	2,281	1,400	154%	
Female	0	0	107	320	241	11	60	632	350	163%	
2.1 Value of challenge/ innovation and agriculture modernization grants app	0	\$737,683	\$1,756,296	\$2,707,854	\$303,580	161,100	\$0	\$3,172,534	\$17,750,000	18%	\$20,000,000
Male	0		\$1,592,475	\$2,259,014	\$236,480	161,100	\$0	\$2,656,594			
Female	0		\$163,821	\$448,840	\$67,100	\$0	\$0	\$515,940			
2.1- a Value of Challenge/Innovation (ADF) Grants	0	\$607,970	\$783,099	\$1,186,780	\$0	\$0	\$0	\$1,186,780	\$13,000,000	9%	15000000
Male	0	\$0	\$759,108	\$1,162,789	\$0	\$0	\$0	\$1,162,789			
Female	0	\$0	\$23,991	\$23,991	\$0	\$0	\$0	\$23,991			
2.1 -b Value of Agricultural Modernization (ACE) grants approved	0	\$129,713	\$973,197	\$1,521,074	\$303,580	\$161,100	\$0	\$1,985,754	\$4,750,000	42%	\$5,000,000
Male	0	-	\$833,367	\$1,096,225	\$236,480	\$161,100	\$0	\$1,493,805			
Female	0	-	\$139,830	\$424,849	\$67,100	\$0	\$0	\$491,949			

Indicator Name and Number	Baseline (date collected)	FY 2011	FY 2012	FY 2013	Q1 FY 2014 (total for this quarter only)*	Q2 FY 2014 (total for this quarter only)*	Q3 FY 2014 (total for this quarter only)*	TOTAL Cumulative Q3 FY2014	Target for Q3FY2014	%	Target for FY 2014
2.2 Number of participating Financial Intermediaries and Private Intermediaries on-lending funds	0	14	50	85	5	2	21	113	25	372%	25
Male	0	-	47	80	5	2	21	108			
Female	0	-	03	5	0	0	0	5			
2.3 Number of innovative lending products established by Private Intermediaries (IRs) and Financial Intermediaries (IRs)	0	3	9	9	0	0	0	9	6	150%	6
2.4 Percentage of loan losses resulting from ACE lending recommendations	0	-	1.32%	3.86%	4.84%	4.62%	3.66%	3.66%	<5%	100%	<5%
3.1 Percentage change in value of exports of Afghanistan agricultural products for firms supported by ACE	\$3,048,355 (Oct,2011)	-	61%	18%	-	-	-	-	-	-	10%
3.2 : Number of loans approved under USAID's Development Credit Authority (DCA) mechanism	0	0	0	0	0	0	0	0	4	N/A	4
3.3 Number of public-private partnerships formed as a result of USG assistance (including GDAs)	0	0	0	0	0	0	0	0	3	N/A	4
4.1 Number of individuals trained by ACE in credit policy and operations, value chain strengthening, and market information sys	0	15	189	450	144	21	20	635	110	577%	120
Male	0	15	175	339	115	2	18	474	78	608%	
Female	0	0	14	111	29	19	2	161	32	503%	
4.2 Number of person hours of training; including formal and practical training and technical visits	0	74	525	843	90	67	56	1,056	680	155%	700
5.1 Number of conferences, workshops and other initiatives designed to foster increased credit to the agricultural sector while addressing the value chain constraints	0	5	9	11	-	3	1	15	19	79%	20
5.2 Number of market information and market intelligence products created and disseminated by the established Knowledge Management	0	13	25	33	-	4	1	38	48	79%	50

**Indicator #1.2** – In the last quarter, ACE monitored disbursement of eight non-financial intermediaries to 1,497 farmers (see Table no. 15 below). The disbursements were handled correctly by the ADF clients. As per indicator definition stipulated in the ACE PMP, ‘one farmer borrower can be counted only once’ therefore only the new farmers are counted towards the data for this quarter.

*Table 10: New Direct beneficiaries achieved in Q3 FY14*

No	Company	Direct beneficiaries	Male	Female
1	Azimyan Marconi Biscuit and Snack Production Company	89	89	0
2	Farah Gostar Ltd	9	9	0
3	OXUS Afghanistan	160	0	160
4	Bamyan Central District Cooperatives	382	382	0
5	Bamyan Panjab and Waras District Cooperatives	352	352	0
6	Bamyan Yakawlang District Cooperatives	348	348	0
7	Sediq Hamid Badghisi Ltd	100	100	0
8	IIFC 2014	57	57	0
<b>TOTAL</b>		<b>1,497</b>	<b>1,337</b>	<b>160</b>

The total number of beneficiaries (cumulative) consists of 24,565 unique farmers and 47 agribusinesses, which are not involved in on-lending activities. This brings the total number of individuals benefiting from ACE financial agreements to 24,612 direct beneficiaries. While five of the intermediaries and agribusinesses provided cash advances to their members, Farah Gostar Ltd., provided solar water pumps and irrigation systems on credit and Bamyan Cooperatives provided fertilizer on credit to their members.

*Table 11: List of Agribusinesses counted as farmers*

No	Agribusiness Name	No	Agribusiness Name
1	Advance Building Systems	24	Masroor Food Processing Company
2	Al Faqeer Cotton Oil company	25	Mehran Guzargah Cold Storage Service Company
3	Amin Karim Carton Manufacturing Factory	26	Mia Sahib Farm
4	Apple Association	27	Morwarid Food Industry
5	Ariana Saffron Cultivation, Processing, and Packaging Company	28	Omid Khurshid Noor Ltd
6	Baghlan Dairy Company	29	Osiyo Hamkorlik
7	Brotherani Samadi Gen and Press and Edible Oil Production Co	30	Qurbankhail Mawlana Yaqoob Charkhi Brothers Company Ltd
8	Central Aibak Dry Fruit Seller Association	31	Rabia Mariam Handicraft Company (RMHC)
9	Dr. Abdul Wakil Farmers Association	32	RANA Seed Company
10	Fine Food Factory	33	Raqib Plastic Packaging Complex
11	Frangis Food and Beverages Company	34	Rawnaq Agricultural and Livestock Cooperative
12	Gholami Brothers Ltd	35	Sadiq Mateen Afghan Company Ltd
13	Ghulam Dastagir Food Production Company	36	Salahe Dekundiwal Brothers Agro Productions and Services Company
14	Hafiz Ebad Wool Mill and Carpet Production Company	37	Sama Poultry Farm
15	Hamid Flour Mill	38	Samsoor Ban Company
16	Hariwa Habibzadah Company	39	Sanaizada Edible Oil
17	Hikmat Feed Factory	40	Sayel Food Processing Company
18	Hope Agriculture and Livestock Company	41	Season Honey
19	Javid Afghan Wheat Thresher Company	42	Takhar Province Dry Fruit Processing and



			Social Association
20	Jawid Kohnawardan Company Limited	43	Tokhe Oil Producing Co.
21	Kamel Dairy Production Company	44	Tyoran Ayobi
22	Khulm Bastan Nursery Grower Association	45	Yaqoobzada
23	Logar FSC	46	Armin Food Production Company
		47	Sheraz Ayaz Textile Clothing Company

*Table 12: Direct Beneficiaries per Regional Command (cumulative from the beginning of the project)*

Region	Direct Beneficiaries	Male	Female
RC - Central	446	417	17
RC – East	8,653	7461	68
RC - North	10,392	9913	307
RC - South	2,029	2029	0
RC - West	3,045	2630	226
<b>TOTAL</b>	<b>24,565</b>	<b>23,788</b>	<b>777</b>

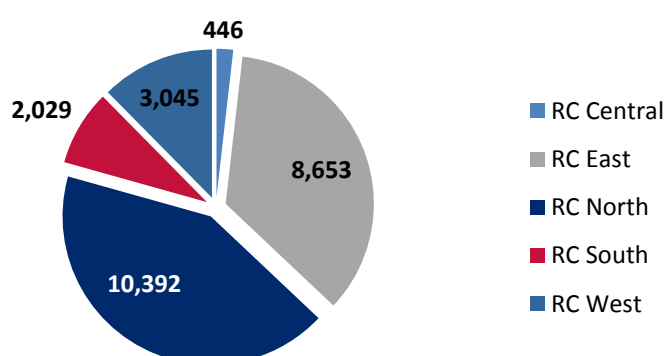
*Table 13: ACE Direct Beneficiaries including farmers and Agribusinesses*

Region	Farmer/Agribusiness	Male	Female
Farmers	24,565	23,788	777
Agribusiness	47	45	2
<b>Total</b>	<b>24,612</b>	<b>23,833</b>	<b>779</b>

*Table No 14: ACE/ADF Approved and Disbursed Loans per Regional Command*

Region	Loan Approved (\$)	Loan Disbursed (\$)	Beneficiaries
RC Central	\$34,505,616	\$8,423,884	446
RC East	\$17,771,796	\$13,074,749	8,653
RC North	\$21,159,668	\$18,114,267	10,392
RC South	\$5,526,210	\$3,078,039	2,029
RC West	\$12,881,050	\$8,584,310	3,045
<b>Total</b>	<b>\$91,844,340</b>	<b>\$51,275,247</b>	<b>24,565</b>

### Direct Beneficiaries RC-Level



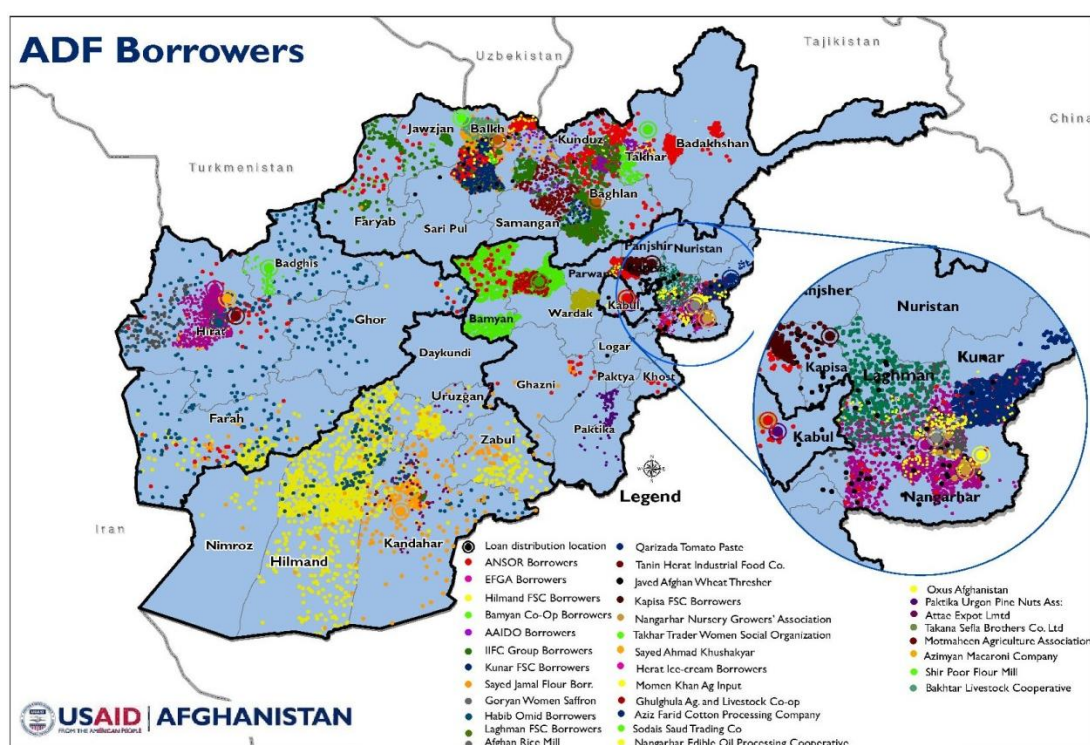
*Graph No 6: ACE Direct Beneficiaries by Regional Command*

The Performance Indicator Data Sheet (Table No.9) shows the ACE quarterly accomplishments and the current cumulative actual performance against quarterly and annual targets. Below are some of the reasons ACE could not fully achieve the quarterly targets for indicators #1.1 a) (Value of loans disbursed) #1.2, #2.1, #3.2 and #3.3.

- During the past quarter the ADF managed to disburse US\$6 million to agribusiness and farmers associations, significantly lower than the quarterly target for several reasons: 1) the clients do not require all the funds in one disbursement; 2) 35 loans have been approved and not disbursed yet due to collateral registration and legal documentation; and 3) In the cases when ACE/ADF pays a supplier directly as part of loan agreements, there have been issues validating the invoices. In several cases the suppliers have increased their prices from the time of the initial agreement and the team is working to identify new suppliers and expedite the process. ACE is taking measures to disburse an amount of US\$10 million in the next quarter.
- The delays with achieving the targets on direct beneficiaries depend on multiple factors, old and new – delays with disbursements constitute a major factor, as the fact that ACE only counts one farmer once regardless of how many times a farmer receives an ADF loan. Looking at the retention rate, the ADF is providing several loans to repeating clients who typically work with their own network of farmers, which beneficiaries cannot be counted twice, per ACE PMP definition. Also, there have been disparities between clients' estimated figures on direct beneficiaries and their actual beneficiaries. This stems from a variety of reasons, for example farmers' unwillingness to receive the loan due to changes in market prices for agricultural commodities.
- The main current constraints with the grant approval and implementation consist of lending vetting procedures ACE grantees and vendors. At the time of this report ACE is waiting for vetting approvals for 17 clients and vendors and some of these requests have been submitted as early as January 2014. This process is negatively impacting ACE's ability to process, approve and disburse grants which is affecting project's compliance with contractual targets. In addition, the slow pace of the process is harming the program's reputation and credibility with the clients. Once the vetting process is expedited, the team has a pipeline of 20 Agricultural Modernization grants to be processed in the next quarter of which 13 currently pending vetting.
- Currently there are no loans approved under USAID's Development Credit Authority (DCA) which is a result of the lack of willingness of the banks operating in Afghanistan to lend to the agricultural sector and therefore to enhance USAID's Mission in Afghanistan development objectives. Since the beginning of the project ACE has engaged in several discussions with Afghan Banks but the outcome has been negative.
- The project has not been able to finalize Global Development Alliances yet due to the lengthy vetting process for the three farmers associations. A MoU between the associations, selecting Karokhi Brother Livestock Association, has been signed. In addition a general MOU between Herat Ice Cream, ACE and Associations has been prepared and signed in both languages. ACE has also selecting the vendor of dairy equipment which is also being vetted and once the process is finalized, the team will submit the grant for approval and start the implementation of the milk collection centers.

**Indicator #1.3** - Percentage increase in income by assisted farms and agribusinesses is an annual indicator which, as per PMP and the Annual Work Plan 2, will be next reported in FY 2014.

**Map 1: ADF Direct Beneficiaries per Province**



#### Indicator

**#1.4** - During this quarter, the number of new jobs created expressed in Full-Time Equivalent is 179. This increase counts for the new jobs created comprising full time, part time and seasonal jobs, of which 30 percent targeted women. However, of the jobs created from the beginning of the project, 22 percent belong to women.

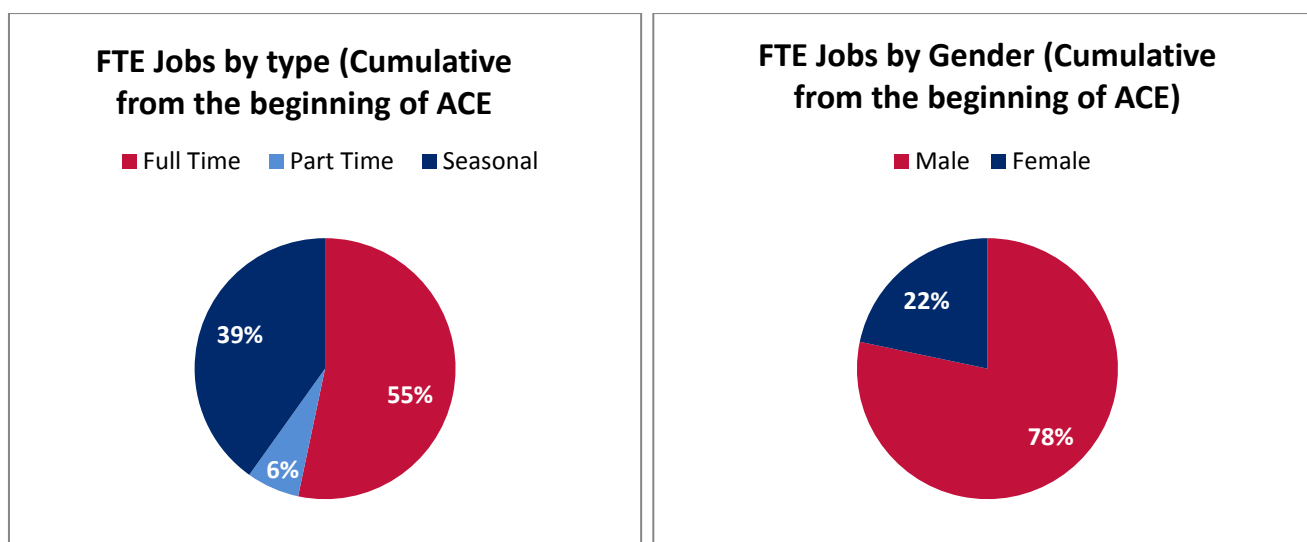
*Table 15: New FTE Jobs Created in Q3 FY 2014*

No	Type of FTE Jobs	Male	Female	TOTAL
1	Full Time Jobs	88	23	111
2	Part Time Jobs	6	1	7
3	Seasonal Jobs	25	36	61
<b>TOTAL</b>		<b>119</b>	<b>60</b>	<b>179</b>

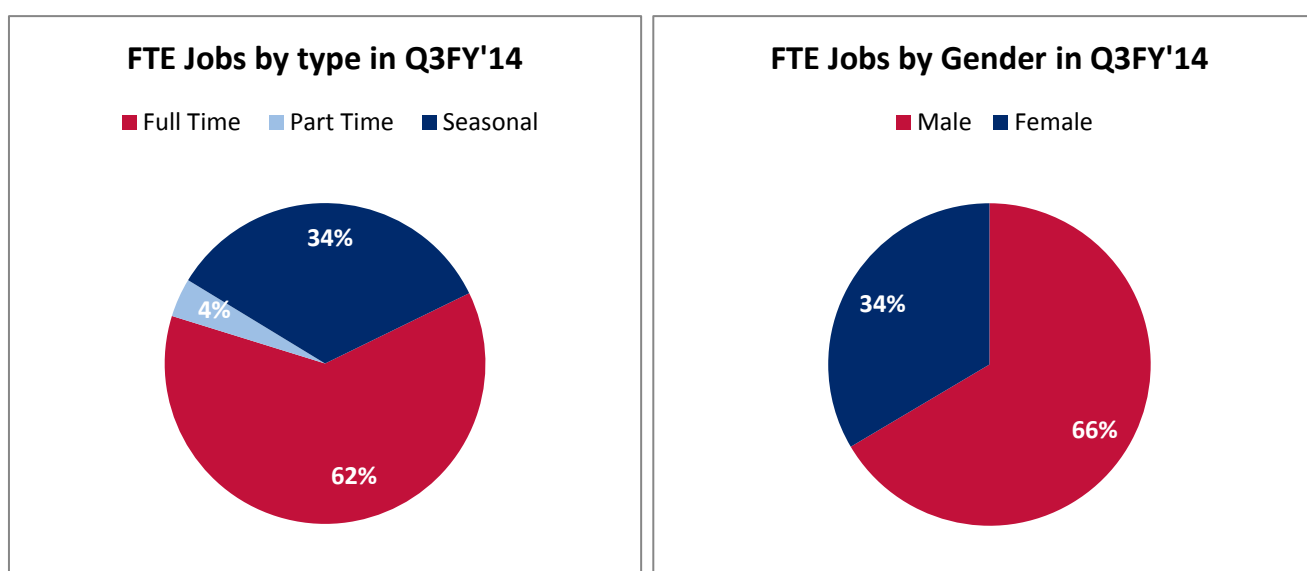
*Table 16: FTE Jobs Created by ACE (cumulative)*

No	Type of FTE Jobs	Male	Female	TOTAL
1	Full Time Jobs	1,254	299	1,553
2	Part Time Jobs	183	8	191
3	Seasonal Jobs	844	325	1,169
<b>TOTAL</b>		<b>2,281</b>	<b>632</b>	<b>2,913</b>

*Graph No 7 and 8: FTE Jobs by type and gender (cumulative)*



*Graph No 9 and 10: FTE Jobs by type and gender for Q1 FY'14 only*



**Indicator #2.1**– In quarter 3 FY'14 ACE did not obtain any approvals for grants due to slow vetting process.

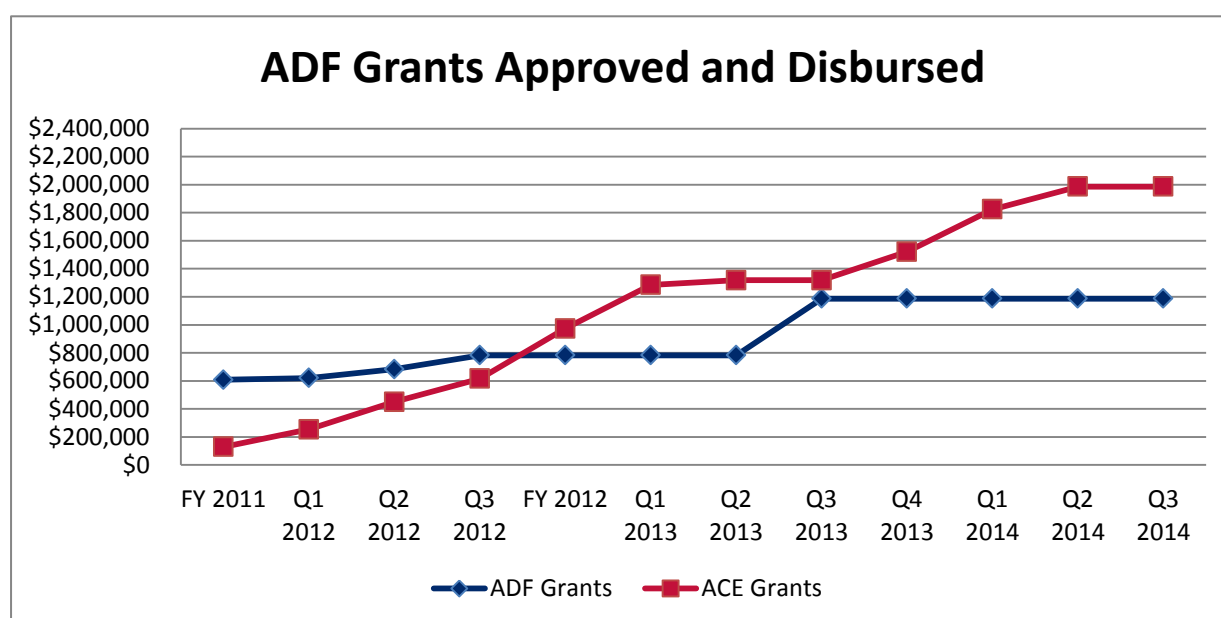
**Indicator #2.2** – Number of participating FIs and PIs on-lending funds: For this quarter, ACE has 21 new participating intermediaries as shown below. As of June 30<sup>th</sup>, ACE has been on-lending through 113 financial and non-financial intermediaries.

*Table 17: New Participating Intermediaries (Q3 FY'14)*

No.	Intermediary	Beneficiaries
1	Haji Sayed Karim and Brothers Co Ltd	50
2	Brotheran Mohsini Seed Production Company	700
3	Setara Cooperative	17
4	Eraq Sufla Cooperative	18
5	Kawsar Cooperative	33
6	Akhzar e Naween Cooperative	42
7	Khurshid e Panjab Cooperative	21
8	Omid e Kirman Cooperative	10
9	Paiman Cooperative	13

10	Tawfiq Poshty Ghor Ghor Cooperative	40
11	Sarsabz Cooperative	20
12	Sazendagi Cooperative	9
13	Adalat Sabz Cooperative	27
14	Shaqayeq Cooperative	50
15	Arman Cooperative	49
16	Mawfaq Cooperative	24
17	Feroz Bahar Cooperative	20
18	Bahar Cooperative	9
19	Pamir Cooperative	36
20	Ayenda e Nawaen Cooperative	14
21	Koh e baba Cooperative	20

*Graph No 11: The Trend of the ACE/ADF Grants Approved and Disbursed by Quarter*



**Indicator #2.3** – There are no new innovating lending products established in the last quarter.

**Indicator #2.4** – Currently the ADF default rate is at 3.66 percent, with all the loans being repaid on schedule except for few of them. (See Annex Tables for detailed information).

**Indicator #3.1** – As per the approved PMP and Annual Work Plan 4, the percentage change in export sales for firms supported by ACE will be reported next in FY2014.

**Indicator #3.2** – Number of loans approved under USAID's DCA mechanism – despite the efforts of the ACE teams, none of the banks operating in Afghanistan has shown interest in the DCA mechanism thus far.

**Indicator #3.3** – Number of public-private partnerships formed as a result of USG assistance, including GDAs. The team has been working since September in establishing three milk collection centers in Herat under a GDA mechanism where farmers, Herat Ice Cream (an ADF client) and the ACE program would all contribute to the project. While the planning is finalized and the respective MoUs have been signed, ACE has sent four vetting applications to USAID for clearance, for the three associations and one vendor of the dairy equipment.

For the time being, the ACE and the client are assisting with the establishment of three dairy farm associations which will act as the primary beneficiary of this project. In addition, the technical team is

working on identifying similar projects that can be accomplished under the framework of Global Development Alliance.

**Indicator #4.1** – In the last quarter, ACE trained a total of 20 participants from ADF borrowers and ACE staff.

*Table No 18: Training provided by ACE in Quarter 3 FY14*

No	TOPIC	# of Participants	Location	Start	End	#Hours
I	Value Chain Finance Training	20	ACE Office, Kabul	6/11/2014	6/20/2014	56
<b>TOTAL</b>		<b>20</b>				<b>56</b>

**Indicator #4.2** – ACE provided one training course with a total of 56 hours of training on Value Chain Finance training to ACE's technical staff in Kabul.

**Indicator #5.1** – During the past quarter, there one workshop aimed at removing the value chain growth constraints for agricultural exports in Nangarhar province.

*Table 19: List of the conferences, workshops and other initiatives carried out during reporting quarter*

No	Name of Conference, Workshop	Type (Conference, Workshop, roundtable)	Province	No. of participants	Participating Entities	Date
I	Ag-Export Value chain workshop (Export Procedures)	Workshop	Nangarhar	48	Producers (lead Farmers), Commission Agents, Potential Exporter, (MAIL, DAIL, ACCI, EPA, NEPA, Custom Staff, AISA)	April 14, 2014

**Indicator # 5.2** – In the past quarter, ACE published one market brief which is made available on the PAYWAND website. [www.paywand.mail.gov.af](http://www.paywand.mail.gov.af)

*Table 20: List of the Marketing Information Products Launched in the Reporting Quarter*

No.	Product	Type of Market Information Product	Type of Dissemination	Date of launching
I	Apple Export Party Price	Market Brief	ACE/MAIL	June 29, 2014

### **Sex-disaggregated Data: Actual versus Targets**

ACE has set self-imposed targets for male and female beneficiaries moving forward for three indicators. Below are the indicators on direct beneficiaries, job creation (in FTEs) and number of people trained disaggregated by sex. These targets are presented in the Annual Work Plan for option year 4.

*Table No 21: Sex-segregated Indicators with Self-imposed Targets*

ACE Performance Indicators	Actual Q3 FY2014 (Cum.)	Target Q3 FY2014 (Cum.)	Percentage % Achieved
<b>I.2 Number of individuals benefitting from ACE or ADF financial agreements</b>	24,565	55,000	45%



## Administrative and Human Resources

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In the last quarter ACE hired 7 Afghan National staff in technical positions for short and long term duration. ACE hired several full and short term technical assistance staff to assist the project in various directions. Abdul Jalil joined the project as a full time Monitoring and Evaluation Officer for Herat province. In terms of expatriate staff, Gun Grover joined the project on a short-term assignment to deliver value chain finance training to the technical staff of ADF and Alvaro Pacheco joined the project to implement the Bamyan Cooperatives potato demonstration plot project.

*Table No 24: Afghan National staff hired during Quarter 3 FY 2014*

No	Name	Position	Start date
1	Abdul Jalil	M&E Officer, Herat	13-Apr-14
2	Sayed Jalal	Internal Audit Consultant	14-Apr-14
3	QaribUI Rahman	Sharia Advisory Board Member	30-Apr-14
4	Khushal Ali	Data Entry Consultant	30-Apr-14
5	Farzana Pasdar	Customer Service Consultant	1-May-14
6	Mohammada Gul Hakimi	Bamyan Potato Project Supervisor	5-May-14
7	Ahmad Shah Waizir	Lending Officer	18-May-14

## Implementation Challenges

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The main challenge encountered during the past quarter consists of the delays with receiving vetting approvals for new grantees. At the time of this report ACE is currently waiting for 27 vetting approvals directly linked to ACE grants with a value of US\$1.7 million since January 2014. These delays are limiting ACE's ability to process and disburse grants, with detrimental effect in ACE's ability to meet grants contractual targets.

### Lessons learned:

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ACE is planning to engage a third party to conduct an external evaluation of its lending activities upon USAID approval. The external evaluation will focus on auditing the financial statements of ADF which will be conducted in the next quarter.

## ACTIVITIES FOR THE NEXT QUARTER

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In the next quarter, ACE will continue fine-tuning the ADF transition activities and documentation. By August 30<sup>th</sup>, ACE will transfer to the ADF the rest of the non-sensitive inventory list with USAID approval. The ADF is recruiting a Chief Finance Officer and an Operations Director to oversee the financial and operations aspects of the ADF moving forward. ACE will also generate new businesses for ADF lending and will start the disbursement of loans to the clients approved during the last quarter.



# Supporting Social Responsibility

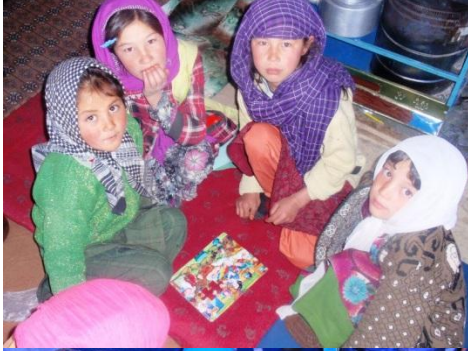


Carpet weaving is often perceived as a cruel industry; women work long hours in places with insufficient lighting, and in inadequate quarters. Traders typically provide them with raw materials; months later they would collect the carpets and pay meager wages to the weavers.

Agricultural credit is progressively transforming the carpet industry, introducing socially responsible practices, which at the same time allow carpet weavers to take advantage of a market niche for socially responsible products.



An example is the Ghulghula Carpet Weavers Cooperative, in the Bamyan province of Afghanistan. The Agricultural Development Fund (ADF) provided the cooperative with a loan to enable female weavers to purchase raw materials, allowing them to sell their carpets to the highest bidder. A small grant from the ADF also partially covered the cost of operation of four daycare centers, where children receive preschool education. The grants also provide occupational safety, health counseling and eye testing for the weavers.



The Cooperative is currently marketing their hand woven carpets under the brand **BAMYAN Carpets, woven by Afghan Women**. The cooperatives specialize in two types of carpets, traditional of central Afghanistan. <http://bamyancarpets.com/en/>



ADF is a financial institution supporting the growth of Afghan agriculture. Since its inception the Fund has processed loans worth more than US\$93 million, reaching 24,000 farm households in 33 of Afghanistan's 34 provinces.

Through innovations like this, the ADF is demonstrating the game changing power of credit.





Ag  
Credit...  
Financing  
high value  
agricultural  
value chains





**Bakhtar Flour Mill Ltd, previously known as Hamid Flour Mill Company, received a second ADF loan of US\$1 million to purchase wheat from farmers in Balkh, Kunduz, Takhar, Samangan, Baghlan and Jawzjan provinces.**



**View from the milk processing line of the Khorshaid Pakiza Dairy and Mineral Water Production Co., a prospect client requesting an ADF loan of US\$300.000.**

TABLE 25: ADF LOANS APPROVED AND DISBURSED TO END BENEFICIARIES

SN	Borrower	Loan Type - NFI, FI, or Agribusiness	Approved	Province	\$ Loans Approved by MAIL & USAID*	Disbursed Loan Amount	Repaid Loan Amount (with interest)	Direct Beneficiaries	Status
Clients Sensitive Information									

No	Business Name	Province	Grant Purpose	Grant Type	Start Date	End Date	US\$ Approve	Disburse
Clients Sensitive Information								

Loan Pipeline Tracker Report						
<u>Borrower</u>	<u>Loan Type FI, Direct, NFI</u>	<u>Loan amount requested</u>	<u>Province</u>	<u>Category</u>	<u>Loan Application Stage</u>	<u>Notes and Comments</u>
Clients Sensitive Information						

Table 26: ACE direct and indirect beneficiaries



ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
1	Advance Building System	-	-	-	300	300	300
2	Javed Afghan Wheat Thresher Company	-	-	-	8,000	8,000	8,000
3	Sanaizada Edible Oil Extraction	-	-	-	600	600	500
4	Hamid Flour Mill	-	-	-	125	125	125
5	Kunar Farm Service Store	625	625	625	-	-	-
6	Helmand Farm Service Store	1364	1364	1364	-	-	-
7	Osiyo Hamkorlik	-	-	-	250	250	250
8	Season Honey	-	-	-	300	300	300
9	Dr. Abdul Wakil Farmers Association	-	-	-	52	52	52
10	Sayed Jamal Flour Mill	2000	2000	1625	-	-	-
11	Samsoor Ban	-	-	-	4500	4500	-
12	Javed Afghan Wheat Thresher (2nd)	570	570	109	8,170	8,170	1,800
13	Yaqoobzada	-	-	-	250	250	-
14	Advance Building System (2nd)	-	-	-	230	230	-
15	RANA Seeds Company	-	-	-	177	177	177
16	Hariwa Habibzadah Company	-	-	-	110	110	110
17	Habib Omid	600	600	600	-	-	-
18	Tyoran Ayobi	-	-	-	2,500	2,500	2,500
19	Ghoryan Women Saffron Association	117	117	117	-	-	-
20	Kunar Farm Service Store (2nd loan)	688	688	688	-	-	-
21	Logar Farm Service Store	-	-	-	-	-	-
22	Qarizadah Tomato Paste	800	800	780	1,000	1,000	1,000
23	Salahe Dekundiwal Brothers Agro Productions and Services Company	-	-	-	10	10	10
24	Helmand FSC (2nd Loan)	-	-	-	-	-	-
25	Laghman FSC	645	645	438	-	-	-
26	Afghan Rice Mill	219	219	219	500	500	500
27	Apple Association	-	-	-	-	-	-
28	Ghulam Dastagir Food Production Company	-	-	-	-	-	-
29	Sayel Food Processing Company	-	-	-	50	50	50
30	Taje Telayee Development Poultry Farm Cooperative	8	8	2	-	-	-

ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
31	Nangarhar Nursery Growers' Association (NNGA)	20	20	18	40	40	40
32	Rabia Mariam Handicraft Company	-	-	-	2,000	2,000	2,000
33	Dr. Abdul Wakil Farmers Association (2nd	-	-	-	-	-	-
34	Kapisa Farm Service Center	200	200	160	-	-	-
35	Tanin Herat Industrial Food Company	70	70	53	-	-	-
36	Takhar Trader Women Social Organization	150	150	145	100	100	100
37	Ghulghula Ag. and Livestock Co-op	1500	1500	150	-	-	-
38	Sayed Ahmad Khushakyar	600	600	569	-	-	-
39	Dehqan Roz	200	200	-	-	-	-
40	Herat Ice Cream	800	800	761	1,200	1,200	1,200
41	Heri Biscuit	200	-	-	-	-	-
42	Sodais Saud Trading Co	400	59	59	500	500	500
43	Tokhe Oil Producing Co.	-	-	-	100	-	-
44	Hafiz Ebad Wool Mill and Carpet Production Company	-	-	-	1,050	1,050	1,050
45	Fine Food Factory	-	-	-	30	-	-
46	Momen Khan Ag Input Company	250	245	359	1,500	1,500	1,500
47	Afghanistan Social Poultry and Animal Farmer Association	20	18	18	45	45	45
48	Shoib Faisal Rice Processing Company	600	-	-	1,500	-	-
49	Nangarhar Edible Oil Processing	1100	657	657	-	-	-
50	Hussianzada Ltd	3100	-	-	-	-	-
51	Jawid Kohnawardan Company Limited	-	-	-	80	80	80
52	Sadiq Mateen Afghan Company Ltd	-	-	-	-	-	-
53	Jawid Afghan Wheat Threshers Manufacturing Company	-	-	-	12000	12000	12000
54	Motmaheen Agricultural and Livestock Retailing Association	837	837	225	4,400	2,000	2,000
55	Hirat Capable Women Association	20	14	14	1255	1255	1255
56	Rawnaq Agricultural and Livestock Cooperative	-	-	-	25	25	25
57	Uddin Wardak Wool Washing and Carpet Company	10	10	-	2000	2000	2000
58	Mustafa Jamal Flour Mill	-	-	-	-	-	-

ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
59	Farah Gostar Ltd	200	200	24	-	-	-
60	HameshaBahar Company	30	-	-	100		
61	Amin Karim Carton Manufacturing Factory	-	-	-	-	-	-
62	Stan Gul Poultry Farm	15	15	-	-	-	-
63	Raqib Plastic Packaging Complex	-	-	-	6	6	6
64	Hirat Delta Industrial Packaging Company	20	-	-	-	-	-
65	Aziz Farid Cotton Processing Company	900	531	531	5000	5000	5000
66	Attae Export and Import Ltd	105	105	105	70	70	70
67	Hikmat Feed Factory	-	-	-	70	-	-
68	Paktika Urgon Pine Nuts Association	161	161	161	850	850	850
69	KoshkakTalokan Cooperative	58	-	-	60	-	-
70	Takhar Province Dry Fruit Processing and Social Association	-	-	-	1,952	-	-
71	AzmiyanMacroni, Biscut and Salty Snack Production Company	220	220	128	-	-	-
72	Baghlan Dairy Company	-	-	-	-	-	-
73	Al Faqeer Cotton Oil company	-	-	-	70	-	-
74	Frangis Food and Beverages Company	-	-	-	40	40	40
75	NawiHena Production Company	26	26	26	300	300	300
76	Sama Poultry Farm	-	-	-	50	50	50
77	Morwarid Food Industry	-	-	-	500	500	500
78	Nangarhar Afghan Training Center	-	-	-	-	-	-
79	Takana Sefla Brothers Co. Ltd	46	46	46	-	-	-
80	Khushbakht Brothers Co. Ltd	100	100	-	1,200	1,200	1,200
81	Bedak Sharif Brothers Carpet Yarn	-	-	-	-	-	
82	Omar Farooq Food Products Limited	-	-	-	80,000		-
83	Kabul Packages Company	-	-	-	-	-	-
84	Hamid Flour Mill Pvt Ltd. (2nd loan)	-	-	-	-	-	-
85	Mehran Guzargah Cold Storage Service			-	400	400	400
86	Sadeq Hamid Badghisi Ltd	150	150	100	-	-	-
87	Central Aibak Dry Fruit Seller Association	-	-	-	2000	-	-
88	Kamel Dairy Production Company	-	-	-	135	135	135

ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
89	Hope Agriculture and Livestock Company	-	-	-	-	-	-
90	Khulm Bastan Nursery Grower Association	-	-	-	-	-	-
91	Shir Poor Sultani Flour Mill	35	35	35	120	120	120
92	Gholami Brothers Ltd	-	-	-	-	-	-
93	Omid Khurshid Noor Ltd	-	-	-	-	-	-
94	Qurbankhail Mawlana Yaqoob Charkhi Brothers Company Ltd	-	-	-	-	-	-
95	Mia Sahib Farm	-	-	-	-	-	-
96	Masroor Food Processing Company	-	-	-	-	-	-
97	Sahil Aminzada Cattle and Agricultural Company Ltd	29	29	-	-	-	-
98	Sayed Jamal Flour Mill(2nd loan)	350	350	265	1,000	1,000	1,000
99	Nangarhar Edible Oil Company (2nd loan)	13	13	-	646	646	646
100	Ariana Saffron Cultivation, Processing, and Packaging Company	-	-	-	200	200	200
101	Brotherani Samadi Gen and Press and Edible Oil Production Company	-	-	-	-	-	-
102	Natural Cooking Spices Company	100	-	-			
103	Sayed Ahmad Khushakyar (2nd loan)	750	750	-			
104	Salahe Dekundiwal Agro Productions and Services Company(2nd loan)	-	-	-	-	-	-
105	Haji Baba Agricultural Cooperative	60		-	140		
106	Momen Khan Ag Input Company (2nd loan)	250	-	-	800	-	-
107	Armin Food Production Company	-	-	-	-	-	-
108	Herat Ice Cream Company (2nd Loan)	1,200	-	-	-	-	-
109	Brotheran Mohsini Seed Production and Agriculture Services Company	700	-	-	-	-	-
110	Sheraz Ayaz Textile and Clothing Manufacturing Company	-	-	-	-	-	-
111	Uddin Wardak Wool Washing Company (2nd Loan)	20	-	-	4,500	-	-
112	Haji Sayed Karim and Brothers Co Ltd	50	-	-	-	-	-
113	Sudais Saud Ltd (2nd Loan)	-	-	-	250	250	250
SUB-TOTAL Agribusinesses		23,301	15,747	11,176	155,408	61,436	50,236
114	Afghanistan Almond Industry Development Organization	212	212	212	-	-	-



ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
115	Eastern Region Fruit Growers Association	1,845	1,845	1,845	-	-	-
116	Durukhshan Bamyān Co-op	15	15	15	-	-	-
117	Kawe Tajik Bamyān Co-op	47	47	47	-	-	-
118	Koh-e-Baba Bamyān Co-op	10	10	10	-	-	-
119	Shahemardan Bamyān Co-op	59	59	59	-	-	-
120	Katway Bamyān Co-op	155	155	155	-	-	-
121	Shanbul Bamyān Co-op	74	74	74	-	-	-
122	Khwaja Sabz Posh Bamyān Co-op	22	22	22	-	-	-
123	Afghanistan National Seed Organization	4,140	4,140	4,140	86087	86087	86087
124	Exporters' Loan (AAIDO)	5	5	-	400	280	280
125	Afghanistan Almond Industry Development Organization	1,852	1,852	1,852	-	-	-
126	Bamyān cooperatives	700	525	525	-	-	-
127	ANSOR, Afghanistan National Seed Organization – 2012	4,351	-	-	-	-	-
128	Farm Service Center Association of Afghanistan (FSCAA)	1400	-	-	-	-	-
129	Khalifa Sahib Agricultural and Livestock Cooperative	137	-	-	-	-	-
130	Afghan Women Saffron Growers' Association	70	70	71	950	950	950
131	Bamyān Cooperatives 2013 ( Third loan)	1,236	944	944	-	-	-
132	Bakhtar Agricultural and Livestock Secondary Cooperative	350	350	171	1000	1000	1000
133	Bamyān Cooperatives- Central	700	700	382			
134	Bamyān Cooperatives- Waras	500	500	352			
135	Bamyān Cooperatives- Yakawlang	500	500	348			
SUB-TOTAL NFI		18,380	12,025	11,224	88,437	88,317	88,317
136	Islamic Investment and Finance Cooperative Group	1,137	1,137	1,137	-	-	-
137	BRAC Bank	-	-	-	-	-	-
138	Afghan Growth Finance (AGF)/SEAF	181	-	-	34,200	-	-
139	Islamic Investment and Finance Cooperative Group	3000	414	471	-	-	-
140	Oxus Afghanistan	500	351	351	-	-	-
141	Oxus Afghanistan(2 <sup>nd</sup> loan)	750	750	206	-	-	-

ADF LOANS		Direct Beneficiaries			Indirect Beneficiaries		
No	BORROWER	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers	Approved	Disbursed to Financial Intermediaries	Disbursed to End Borrowers
142	OXUS Loc	400	400				
SUB-TOTAL FI		5,568	2,709	2,165	34,200	0	0
GRAND TOTAL		47,249	30,481	24,565	278,045	149,753	138,553

Table 27: Percentage of Loan Losses Resulting from ACE Lending Recommendations

S/N	Name of Business	Province	District	Amount (\$)	Type of business	Start Date	End Date	Actual Amount Disbursed	Expected Value to date (\$)	Actual Value to date (\$)	\$ Value late by 180 days or more
Clients Sensitive Information											
Total Loan Approved				\$91,844,340							
Total Loan Disbursed				\$51,275,247							
Total Loan Repaid				\$26,575,705							
Total write off (highlighted)				771,187							
Total Value of Loans late by 180 days or more				\$886,253							

Portfolio At Risk (PAR) =  $\frac{\text{Total Value of loans late by 180 days or more}}{\text{Outstanding*}}$  % =  $\frac{908,239}{51,275,247 - 26,575,705 - 771,187}$  % =  $\frac{886,253}{\$23,928,354}$  % = 3.66%

ACE has in place a problem loan committee whose sole purpose is to implement activities to minimize loan defaults. The latter complements ACE’s prudent lending practices.